



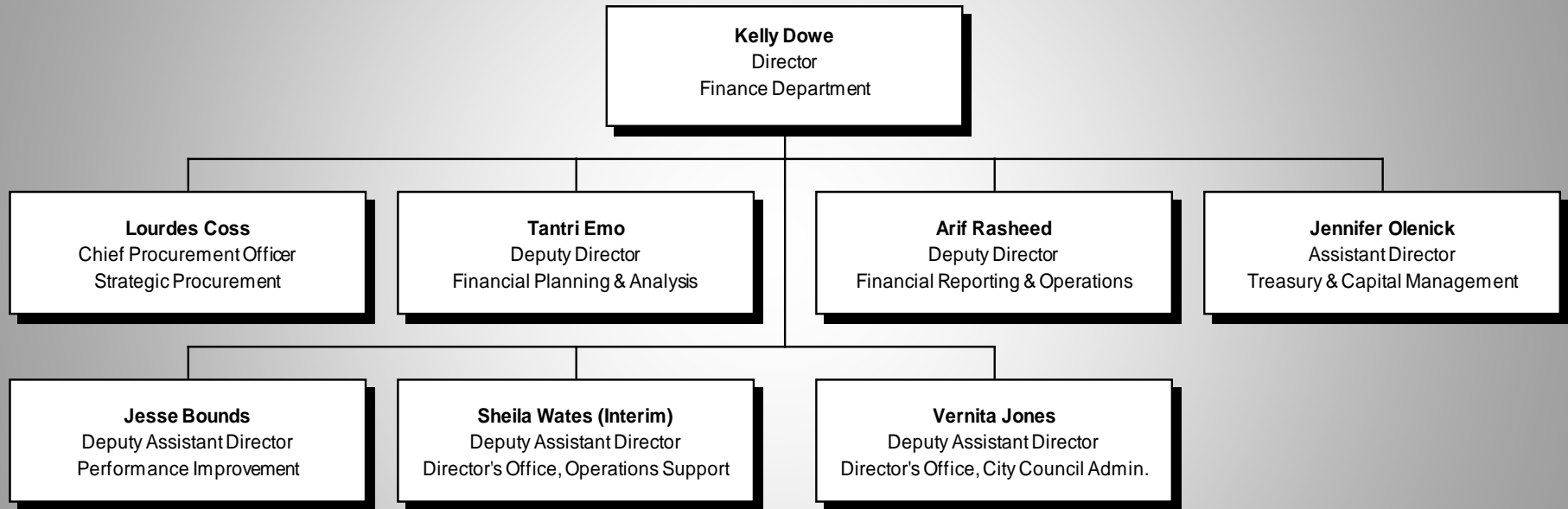
# **Finance Department**

## **FY2015 Budget and Core Services Presentation**

Kelly Dowe, Director  
June 5, 2014

# FY2015 Organizational Chart

## Finance Department



# Budget Summary – All Funds

(in millions)

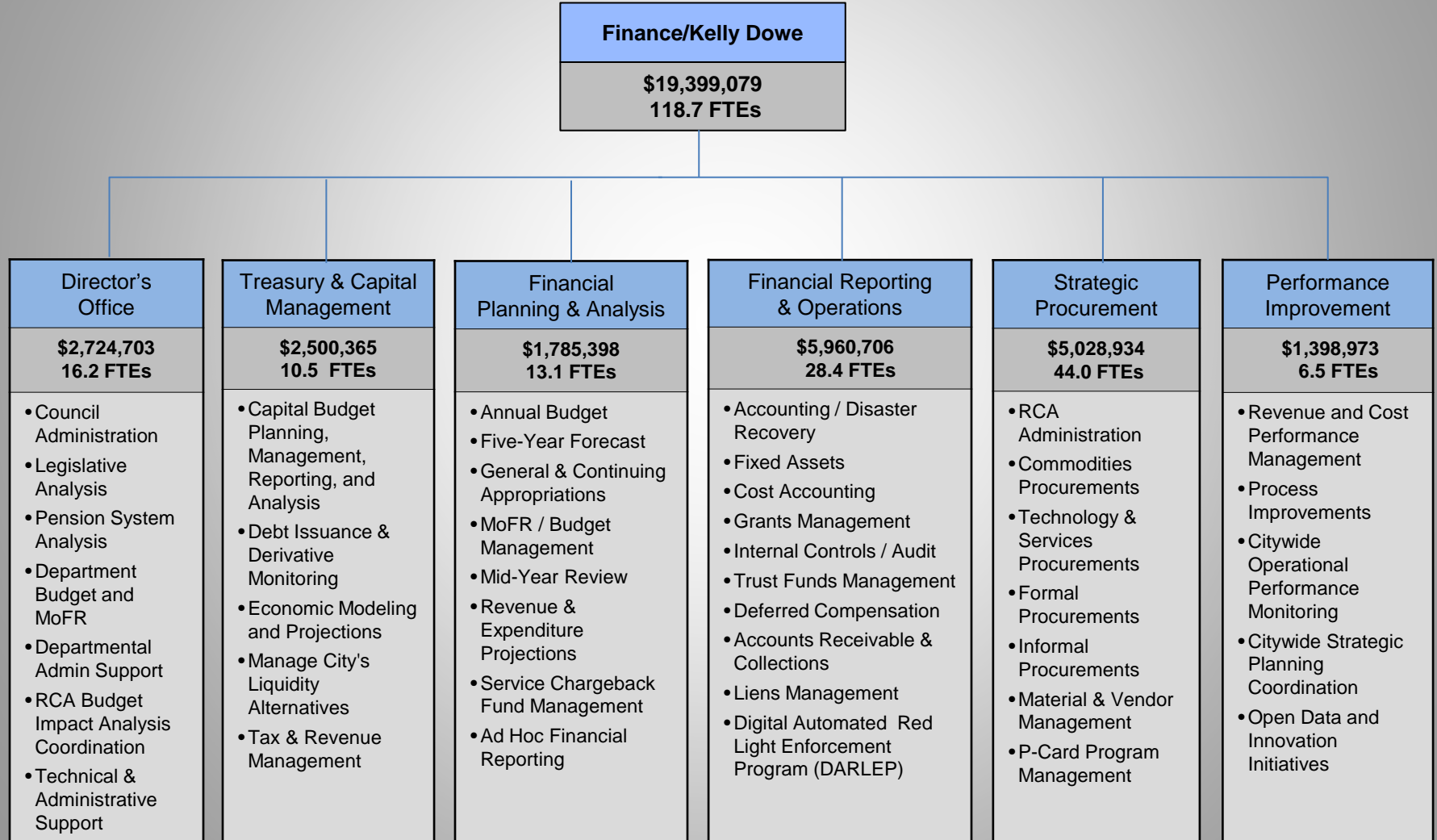
This presentation includes redline changes to property tax and misc. revenue that occurred after the proposed budget.

Fund Name / Number	Revenues			Expenditures			FTEs	
Fund	FY14 Budget	FY15 Proposed	+/- \$/%	FY14 Budget	FY15 Proposed	+/- \$/%	FY14 Budget	FY15 Proposed
<b>General Fund 1000</b>	1,588.26	1,752.83	164.57/ 10.4%	19.19	19.40	0.21/ 1.1%	117.4	118.7
<b>Central Services Revolving Fund 1002</b>	1.62	3.97	2.35/ 145.1%	1.62	3.97	2.35/ 145.1%	16.0	38.0
<b>Fleet Fund 1005</b>	1.08	1.50	0.42/ 38.9%	1.08	1.50	0.42/ 38.9%	11.5	14.5
<b>Digital Red Light Enforcement Program (DARLEP) Fund 2212 *</b>	3.05	0	(3.05)/ (100%)	2.51	0	(2.51)/ (100%)	0	0
<b>Total</b>	<b>\$1,594.01</b>	<b>\$1,758.30</b>	<b>\$164.29/ 10.3%</b>	<b>\$24.40</b>	<b>\$24.87</b>	<b>\$0.47/ 1.9%</b>	<b>144.9</b>	<b>171.2</b>

\*DARLEP is reported in the General Fund starting in FY2015.

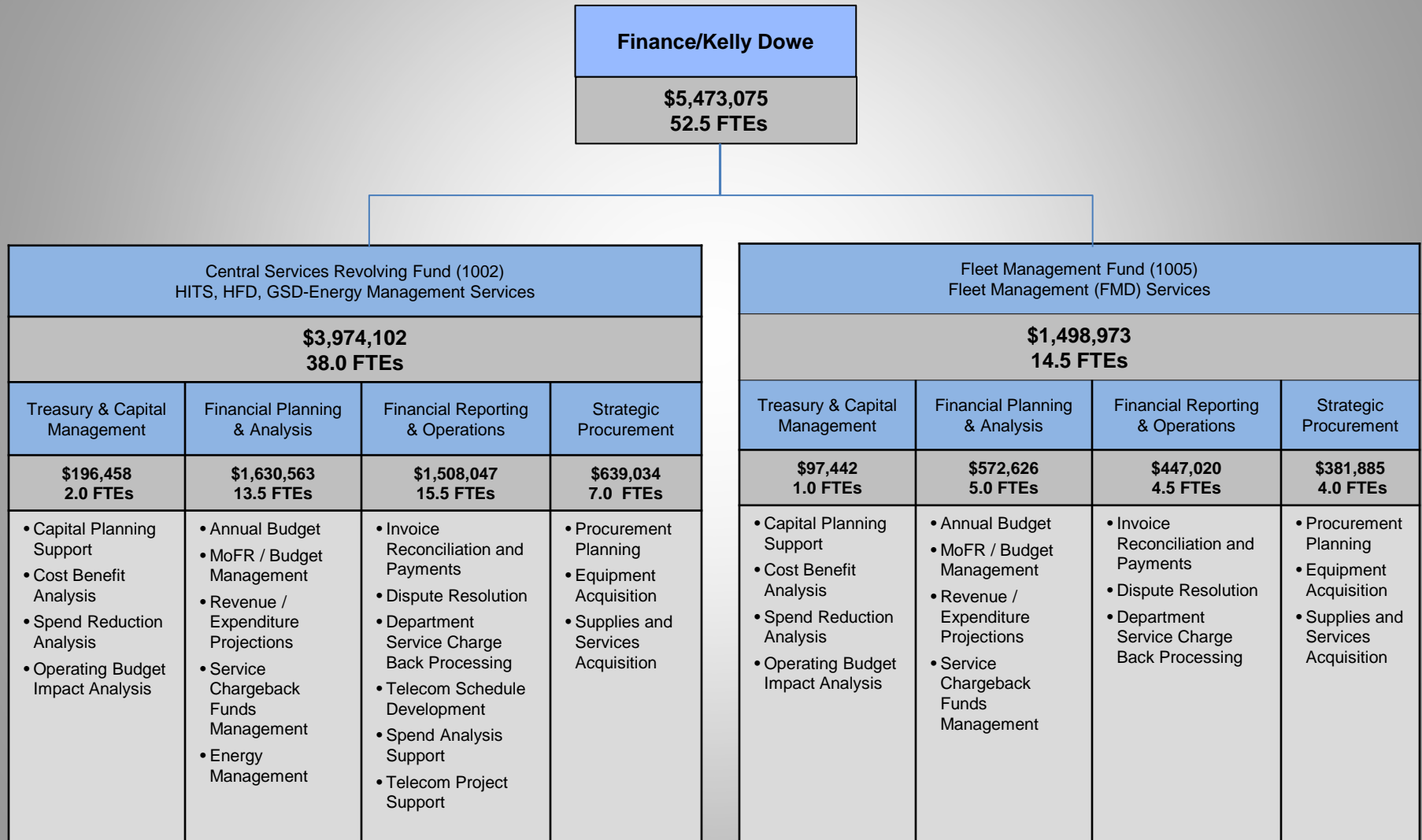
# Finance Department Functions

## General Fund



# Finance Department Functions

## Other Funds





# FY15 Department Change Initiatives

## by Division



### **Treasury & Capital Management**

- Complete and manage plans for maintaining and optimizing usage of the City's capital assets: facilities, fleet, equipment, and information technology

### **Financial Planning & Analysis**

- Develop, maintain, and assist in implementation of FY15 General Fund savings plan

### **Financial Reporting & Operations**

- Evaluate all component units against City of Houston financial management and reporting standards
- Maintain cost of service models for all fee-based and core City services; create optimization scenarios for major cost drivers
- Continue implementation of financial risk management/internal controls development project



### **Strategic Purchasing**

- Identify \$50M in procurement/demand management related savings by July 2015



### **Performance Improvements**

- Transition citywide performance measurement and reporting to SAP Strategy Management and successfully deploy in every department by July 2015
- Continue to implement data-driven performance management by successfully engaging all departments in at least one Performance Improvement Engagement (PIE)
- Complete rollout of process improvement/Lean Six Sigma program to all City departments





# Total Revenues By Fund (in millions)

Fund Name/ Number	FY13 Actual	FY14 Budget	FY14 Estimate	FY15 Proposed	+/- \$/% FY15 Bud./ FY14 Est.
General Fund 1000	1,525.65	1,588.26	1,631.44	1,752.83	121.39 / 7.4%
Central Services Revolving Fund 1002	0.91	1.62	1.35	3.97	2.62/ 194.1%
Fleet Fund 1005	0.26	1.08	1.04	1.50	0.46 / 44.2%
Digital Red Light Enforcement Program (DARLEP) Fund 2212	0.16	3.05	0.70	0	(0.70) / (100%)
Total	\$1,526.98	\$1,594.01	\$1,634.53	\$1,758.30	\$123.77/ 7.6%





# FY2015 - Revenue Highlights

## Significant Changes from FY14 Estimates

### **General Fund (1000)**

- Increase attributable primarily to Property and Sales Tax
- Property Tax increased by \$85,470,008 due to strong economic growth
- Sales Tax increased by \$33,968,000 due to strong economic growth

### **Central Services Revolving Fund (1002)**

- See expenditure highlights

### **Fleet Management Fund (1005)**

- See expenditure highlights







# Total Expenditures By Fund (in millions)

Fund Name/ Number	FY13 Actual	FY14 Budget	FY14 Estimate	FY15 Proposed	+/- \$/% FY15 Bud./ FY14 Est.
General Fund 1000	10.27	19.19	19.19	19.40	0.21/ 1.1%
Central Services Revolving Fund 1002	0.91	1.62	1.35	3.97	2.62/ 194.1%
Fleet Fund 1005	0.26	1.08	1.04	1.50	0.46/ 44.2%
Digital Red Light Enforcement Program (DARLEP) Fund 2212	0.28	2.51	0.70	0	(0.70)/ (100%)
<b>Total</b>	<b>\$11.72</b>	<b>\$24.40</b>	<b>\$22.28</b>	<b>\$24.87</b>	<b>\$2.59/ 11.6%</b>



# FY2015 - Expenditure Highlights

## Significant Changes from FY14 Current Budget

### **General Fund (1000)**

- The FY2015 Budget provides funding for health benefits, pension contribution and 3% pay increases for municipal employees.
- In FY2015, the Digital Automated Red Light Enforcement Program (DARLEP) budget of \$465,000 will be included in the Finance General Fund, thereby closing out the special revenue fund.

### **Central Services Revolving Fund (1002)**

- The FY2015 Budget provides funding for:
  - Health benefits, pension contribution and 3% pay increases for municipal employees.
  - An additional 14 FTEs (\$1.2 million) from the consolidation of the Houston Fire Department's financial personnel which were previously funded in the General Fund.
  - The transfer of General Services Department's Energy personnel which includes 4 FTEs and related support services (\$403,989).
  - 4 FTEs transferred from the General Fund to perform EMS related services in support of the Houston Fire Department (\$532,617).



# FY2015 - Expenditure Highlights

## Significant Changes from FY14 Current Budget

### **Fleet Management Fund (1005)**

- The FY2015 Budget provides funding for health benefits, pension contribution and 3% pay increases for municipal employees.
- FY2015 includes funding for the annualized cost of Public Works and Engineering (PWE) Fleet Management consolidated financial personnel, which equates to 3 FTEs and related support services (\$296,900).



The header image features a blue background with a blurred 3D bar chart on the left and a calculator in the bottom left corner. Faint, overlapping numbers are visible across the blue area.

# **Finance Department**

## Appendix

# Finance Department Demographics

By Category, Ethnicity, and Gender  
FY2014 Estimate

Category	M A L E S				F E M A L E S				T O T A L S				Total Employees
	White	Black	Hispanic	Asian & P. I.	White	Black	Hispanic	Asian & P. I.	White	Black	Hispanic	Asian & P. I.	
Officials & Administrators	15.8%	10.5%	0.0%	12.5%	12.5%	9.1%	10.0%	10.0%	14.8%	9.5%	6.7%	11.1%	10.1%
	3	2	0	1	1	4	2	1	4	6	2	2	14
Professionals	73.7%	79.0%	100.0%	75.0%	75.0%	56.8%	80.0%	70.0%	74.1%	63.5%	86.6%	72.2%	71.8%
	14	15	10	6	6	25	16	7	20	40	26	13	99
Administrative Support	10.5%	10.5%	0.0%	12.5%	12.5%	34.1%	10.0%	20.0%	11.1%	27.0%	6.7%	16.7%	18.1%
	2	2	0	1	1	15	2	2	3	17	2	3	25
Total	13.8%	13.8%	7.2%	5.8%	5.8%	31.9%	14.5%	7.2%	19.6%	45.7%	21.7%	13.0%	100.0%
	19	19	10	8	8	44	20	10	27	63	30	18	138

\*Source: Payroll data as of April 2014





# Core Services Matrix

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
<b>Director's Office Total</b>	<b>\$1,780,789</b>	<b>\$ 943,914</b>	<b>\$ 2,724,703</b>	<b>16.2</b>					
Director & Administrative Services	\$ 743,431	\$ 214,743	\$ 958,174	4.7			X	1000	Oversight of daily business operations of Finance Department. Coordination of legislative and pension system analysis.
Operations Support	\$ 664,001	\$ 647,789	\$ 1,311,790	7.0			X	1000	Provide operational support including monthly reports of departmental activities, annual budget preparation, daily procurement, contract management and compliance, payment processing, and information technology (IT) support. Management of RCAs, Records Management, and Texas Public Information Act (TPIA).
City Council Administrative Support	\$ 373,357	\$ 81,382	\$ 454,739	4.5			X	1000	Manage all administrative functions of City Council including receptionist, payroll, accounts payable, human resources, Kronos, open records requests, and archiving. Liaison for the Inauguration, E. B. Cape Center and all IT/GSD requests.







# Core Services Matrix

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
<b>Treasury &amp; Capital Management Total</b>	<b>\$ 1,490,636</b>	<b>\$1,303,629</b>	<b>\$ 2,794,265</b>	<b>13.5</b>					
Capital Planning and Budget Management	\$ 848,177	\$ 57,126	\$ 905,303	6.5	X			1000,1002, 1005	Manage Capital Improvement Plan by monitoring capital budgets and spending.
Debt Issuance & Derivative Monitoring					X			1000	Monitoring of financial markets. Management of terms, structures, and documents associated with a debt issuance.
Economic Modeling and Projections	\$ 277,085	\$ 28,068	\$ 305,153	3.0			X		Provide accurate and complete financial projections.
Liquidity Management					X				Monitoring of capital cash flow and management of financial terms, structure and documents associated with obtaining liquidity.
Tax & Revenue Management	\$ 365,374	\$ 1,218,435	\$ 1,583,809	4.0	X			1000	Record City Revenues. Ensure compliance with Truth in Taxation requirements.





# Core Services Matrix

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
<b>Financial Planning &amp; Analysis Total</b>	<b>\$ 3,819,327</b>	<b>\$ 169,260</b>	<b>\$ 3,988,587</b>	<b>31.6</b>					
Annual Budget Preparation					X			1000,1002, 1005	Prepare City's Adopted Budget.
Five Year Forecast							X	1000,1002, 1005	Provide forecasting and annual context for the annual budget.
General Appropriation					X			1000,1002, 1005	General Appropriation management for spending through the end of the year.
MoFR/Budget Management					X			1000,1002, 1005	Produce, monitor and report on the City's financial status.
Service Chargeback Fund Management					X			1000,1002, 1005	Manage the City's budget with the anticipation of the departments delays in processing of the charges for the actual citywide cost.
Ad Hoc Financial Reports							X	1000,1002, 1005	Provide reports and analyses upon request by Mayor and City Council.





# Core Services Matrix

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
<b>Financial Reporting &amp; Operations Total</b>	<b>\$ 4,855,914</b>	<b>\$ 3,059,859</b>	<b>\$ 7,915,773</b>	<b>48.4</b>					
Internal Controls/Audit	\$ 463,326	\$ 359,438	\$ 822,764	4.7	X			1000	Enforce accounting controls to avoid audit issues. Monitor Enterprise Risk Management (ERM) process and update financial and accounting processes, policies, and procedures.
Accounts Payable	\$ 1,239,301	\$ 98,264	\$ 1,337,565	15.0	X			1002,1005	Central management of accounts payable processes leading to reduction of payment processing costs and providing opportunities to maximize free cash flow.
Cost Accounting	\$ 248,383	\$ 11,258	\$ 259,641	1.5	X			1000	Complete six cost allocation plans critical to support allocation of cost to departments and grants. Studies are required by State and Federal agencies to determine the indirect cost the City can charge to the grants. Facilitates to properly determine the true cost of City central services.
Grants Management	\$ 579,449	\$ 25,331	\$ 604,780	6.0	X		X	1000,1002	Oversees grants management process including application, acceptance, award, reporting and compliance monitoring of federal and state grants.





# Core Services Matrix (cont.)

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
General Accounting/Disaster Recovery	\$ 780,118	\$ 1,537,871	\$ 2,317,989	4.5	X			1000	Coordinates the Comprehensive Annual Financial Report (CAFR) and Single Audit Report (SAR) for the administration.
Fixed Assets	\$ 282,005	\$ 6,000	\$ 288,005	3.0	X			1000	Provide technical accounting, management, and reporting of fixed assets. Facilitate timely completion of annual audit.
Trust Funds Management/Deferred Compensation	\$ 330,497	\$ 5,403	\$ 335,900	3.7	X			1000	Manages City's deferred compensation program. Monitors and ensures financial reporting of Local Government Corporations (LGCs).
Accounts Receivable & Collections	\$ 444,019	\$ 353,385	\$ 797,404	5.0	X			1000	Monitors collection resulting from vendor's collections' oversight.
Liens Management	\$ 83,433	\$ 70,677	\$ 154,110	1.0			X	1000	Monitors collection of revenues due to the City.
DARLEP	\$ 0	\$ 465,000	\$ 465,000	0.0	X			1000	Monitors Digital Automated Red Light Enforcement Program (DARLEP) collection of revenues due to the City.
Emergency Medical Services (EMS)	\$ 405,383	\$ 127,232	\$ 532,615	4.0	X			1002	Performs EMS accounts receivable collections.



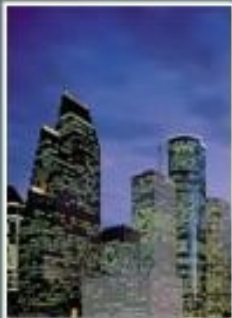


# Core Services Matrix

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
<b>Strategic</b>									
<b>Procurement Total</b>	<b>\$ 5,611,066</b>	<b>\$ 438,787</b>	<b>\$ 6,049,853</b>	<b>55.0</b>					
RCA Administration	\$ 236,332	\$ 18,330	\$ 254,662	2.0	X		X	1000	Serve as liaison between Agenda Director, City departments, Legal and Controllers for procurement projects requiring City Council approval.
Procurement-Commodities Technology, Formal & Informal	\$ 4,792,858	\$ 365,467	\$ 5,158,325	47.0	X		X	1000,1002 1005	Manage citywide procurement of goods and services in accordance with applicable City policies and procedures and the State of Texas Bid Laws.
Vendors Management	\$ 221,551	\$ 18,330	\$ 239,881	2.0			X	1000	Manage vendor registrations and all data master supporting citywide procurement projects, payment, and reporting purposes.
Material Management	\$ 104,004	\$ 9,165	\$ 113,169	1.0			X	1000	Maintain material numbers supporting citywide procurement projects.
P-Card Administration	\$ 256,321	\$ 27,495	\$ 283,816	3.0	X		X	1000	Manage the citywide P-Card program.







# Core Services Matrix

Division & Activities	Annual Projected Personnel Cost	Annual Projected Supplies / Services Cost	Total Annual Cost	Annual Projected FTEs	Mandated	Direct Service	Administrative	Fund	Description
<b>Performance Improvement Total    \$   673,656   \$   725,317   \$ 1,398,973   6.5</b>									
Revenue/Cost Performance Management							X	1000	Leads financial and operational performance improvements projects to increase revenues, optimize expenditures and improve operational effectiveness.
Process Improvements							X	1000	Creates a culture of continuous improvement by leading value-driven projects and training employees in Lean Six Sigma process improvement methods.
Citywide Operational Performance Monitoring							X	1000	Establishes a citywide framework for measuring and managing financial and operational performance.
Citywide Strategic Planning Coordination							X	1000	Coordinates the Mayor's strategic planning efforts and monitors the execution of these strategies.
Open Data and Innovation Initiatives						X		1000	Leads the City's roles in open data and civic innovation.